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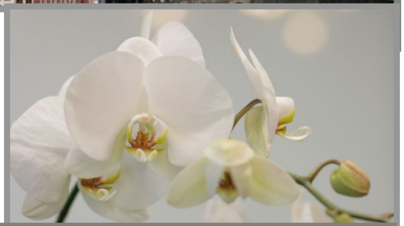

ANNUAL REPORT 2010

DnB NOR
Luxembourg

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The Board of Directors

Mr Terje TURNES	-	managing director, DnB NORD – Board Member and Chairman
Mrs Bente FLADMARK	-	executive director, DnB NOR Bank ASA London Branch - Board Member
Mrs Eldbjørg STURE	-	director, DnB NOR Bank ASA - Board Member
Mr Frode EKELI	-	executive vice president, DnB NOR Bank ASA - Board Member
Mr Gerhard NILSEN	-	executive vice president, DnB NOR Bank ASA - Board Member
Mr Per UGLAND	-	senior vice president, DnB NOR Bank ASA - Board Member

Report of the Board of Directors

The Board is pleased to submit its report for the year ended 31 December 2010, which overall was satisfactory for DnB NOR Luxembourg S.A.

A number of strategic decisions were taken at the end of the 2009 regarding the development of the DnB NOR Group's operations in Luxembourg.

The outcome was a confirmation of the core activities of the unit – i.e. delivering private banking and mortgage services to DnB NOR related clients with international needs – and a further alignment towards the operational model and long-term objectives of the Group.

As outlined below, these decisions had positive effects as early as 2010.

The core Private Banking and Mortgage lending activities continued to grow in line with previous periods.
Total assets under management and lending volumes grew by more than 40% compared to the previous year-end. This is, to some extent, the result of generally favourable market conditions over the year. But we also see it as a reward for continued attention on fulfilling the expectations of our customers, extensive travel and marketing activities, and co-operation with other Group entities.
The returns achieved on our clients' portfolios were, as a whole, also positive.
We are delighted to report that these core activities alone are now securing the structural profitability of the whole Luxembourg operation.

The Bank also prepared for the repatriation of the bank-guaranteed loans business to the parent bank. The transfer has begun and should be finalised by the end of 2011.

The Bank completed a thorough review of its cost structure, covering both staff and other administrative expenses. It was deemed paramount that this streamlining should in no way affect either the quality of service provided to our clients or the overall low level of operational risk. In this respect the Bank was pleased to note the continued high loyalty and dedication of its staff over the whole period.

The reporting line for the Luxembourg unit was changed, including a linkage to the Group's Large Corporates and International business area through the London operation. This resulted in enhanced day-to-day co-operation and integration within the DnB NOR Group as a whole.

The Bank also conducted the first steps of a project to investigate a possible change to its legal structure, from the current status of Luxembourg-law subsidiary of DnB NOR Bank ASA to becoming a branch of the same company. No firm conclusions were reached, and further action will be taken once the repatriation of bank loans to Norway is complete.

Other developments during 2010 were: the launch of a new customer reporting system at the end of the year (to be followed by a significantly upgraded e-bank solution in the first quarter of 2011); the hiring of an experienced in-house compliance and tax/legal resource; the development of internal credit competence and enhancement/strengthening of credit routines; and the streamlining of several IT/payment processing systems.

The financial results achieved by the Bank reflect the developments mentioned above, and are a continuation of the positive trend seen in the previous years.
Operating income was EUR9.8m (EUR9.7m in 2009) and ordinary costs decreased to EUR5.1m (2009: EUR6.7m), resulting in operating profit of EUR4.8m (2009: EUR3m). Taking into account the impact of movements on general provisions, restructuring costs and taxes, the Bank ended the financial year with net profit of EUR4m (2009: EUR1.9m).
The increase in the total balance sheet (to EUR1,034m, compared to EUR907m at the end of 2009) was due to growth in both the mortgage loan portfolio and customer cash balances, as well as currency rate fluctuations.
In addition to a general 'lump sum' provision for risk exposure (cfr note 2.6. to the accounts), the Bank booked a specific provision for a potential credit loss of EUR0.03m related to a single mortgage loan.
Solvency and liquidity ratios exceeded the legal requirements at all times.

We are aiming for another successful year in 2011, with the main objectives being: meeting our customers' expectations, continued and well-controlled growth for our private banking and mortgage lending businesses, continued integration in and satisfactory level of financial contribution to the Group, and an attractive work environment for our employees.
The Bank feels reasonably confident in the overall macroeconomic environment expected for 2011, and properly equipped to meet the various business, operational and regulatory challenges it will face.

Regarding the risk management strategy, the Bank's objective is to keep a conservative and moderate profile through its various business lines.
Management is closely involved in the risk management processes. It has overall responsibility for the supervision of controls, capital adequacy, and liquidity of the Bank.
The Bank has minor exposure to interbank counterparty and market risks, as all transactions on interest rates and foreign exchange undertaken by customers are strictly covered with the parent company.

The Bank issues investment loans to some of its private banking customers. These are used mainly to invest in low- to medium-risk securities, which together with cash deposits are pledged to cover the exposure. The collateral value of securities is weighted according to the associated risk level; the market value of pledged assets and the subsequent 'security ratio' of each loan are monitored on a daily basis.
In addition the Bank offers mortgage loan facilities to selected customers. These are secured by property in Spain or France, and are granted for amounts up to 70% of the property's value. A limited quality check and 'stress-test' of the mortgage lending portfolio was performed during the year by an external advisory firm. The result was satisfactory overall, and revealed no unknown (or excessive level of) risk being incurred against the Bank's strategy – including the risk management strategy.
The risk counterparts of the credit department are solely Norwegian banks. The approval process for such credit lines is based on the rating and on strict criteria assessing the financial health of the counterpart, and is updated on a regular basis in close co-operation with the parent company. As already mentioned, it is intended that this activity is fully repatriated to the parent company by the end of 2011.

The Bank monitors the various operational, legal, and other business-related risks through a set of policies including: a proactive approach (including involvement of management) to risk identification, evaluation and mitigation, and to compliance with legal and regulatory developments; permanent improvement and streamlining of operating routines; close follow-up on operational incidents of whatever nature and on comments made by the audit and compliance functions.

In accordance with article 70 of Luxembourg law 17/06/1992 relating to the accounts of credit institutions, we confirm that no events of importance have occurred since the end of the financial year; we also confirm that the Bank does not have a subsidiary, branch or representative office.
During 2010, the Bank had no activities in the field of research and development; neither did it acquire any of its own shares.

The Board wishes to thank outgoing Chairman and Members Jarle Mortensen, Jørn Pedersen and Anders Jonsson for their service to the Bank, and take this opportunity to welcome Board member Terje Turnes as new Chairman, and Bente Fladmark, Eldbjørg Sture, Per Ugland and Gerhard Nielsen as new Members.

The Board of Directors would also like to express its gratitude to the employees and to the business partners of the Bank for their fruitful collaboration during 2010.

The Board of Directors recommends that the annual accounts be presented for approval at the Annual General Meeting. It also recommends that the net profit for the year, the results brought forward from previous years, and available reserves, totalling EUR4,066,399 be fully carried forward after any necessary allocation to the 'net worth tax reserve' (cfr. note 25 to the accounts).

Luxembourg, 18 February 2011

BALANCE SHEET - ASSETS

	Note	2010	2009
Cash, balances with central banks and post office banks	3	19.594.488	17.872.357
Loans and advances to credit institutions	3, 4, 8	515.050.818	395.711.659
a) repayable on demand		38.157.583	57.707.719
b) other loans and advances		476.893.235	338.003.940
Loans and advances to customers	3, 5, 23	495.429.336	489.678.205
Tangible assets	6	805.184	1.156.573
Other assets	7	186.387	335.967
Prepayments and accrued income		2.785.243	2.290.976
Total assets	9	1.033.851.456	907.045.737

The accompanying notes form an integral part of the annual accounts.

BALANCE SHEET – LIABILITIES

	Note	2010	2009
Amounts owed to credit institutions	3, 13	761.291.377	711.602.943
a) repayable on demand		29.114.468	8.385.417
b) with agreed maturity dates or periods of notice		732.176.909	703.217.526
Amounts owed to customers	3, 13	239.359.088	154.911.713
Other debts:		239.359.088	154.911.713
a) repayable on demand		53.758.651	64.395.517
b) with agreed maturity dates or periods of notice		185.600.437	90.516.196
Debt evidenced by certificates		1.677.818	2.139.180
a) others		1.677.818	2.139.380
Other liabilities	7	231.210	399.825
a) preferential creditors		230.685	395.473
b) sundry creditors		525	4.352
Accruals and deferred income		977.737	791.795
Provisions		5.171.500	3.790.535
a) provisions for taxation		2.335.879	680.267
b) other provisions	24, 27	2.835.621	3.110.268
Subordinated liabilities	3, 10, 13	---	8.000.000
Subscribed capital	11	17.352.547	17.352.547
Reserves	12, 25	3.725.880	4.410.310
Profit brought forward	12	31.319	1.704.257
Profit for the financial year		4.032.980	1.942.632
Total liabilities	14	1.033.851.456	907.045.737

The accompanying notes form an integral part of the annual accounts.

OFF BALANCE SHEET

	Note	2010	2009
Contingent liabilities	3, 15	1.907.000	2.056.875
of which:			
- guarantees and assets pledged as collateral security		1.907.000	2.056.875
Commitments	3, 16	66.931.671	31.877.523

The accompanying notes form an integral part of the annual accounts.

PROFIT AND LOSS ACCOUNT

	Note	2010	2009
Interest received and similar income		14.325.125	22.260.233
Interest paid and similar charges	10	(7.339.363)	(15.205.846)
Commission received		3.175.389	2.748.495
Commission paid		(417.067)	(146.151)
Net profit on financial operations		13.092	1.787
Other operating income	20	358.931	277.637
General administrative expenses		(4.661.832)	(6.072.670)
a) staff costs	22, 23	(2.863.626)	(3.895.204)
<u>of which</u>:			
- wages and salaries		(2.426.819)	(3.205.458)
- social security costs		(189.157)	(287.067)
<u>of which</u>:			
- social security costs relating to pensions		(145.048)	(233.688)
b) other administrative expenses	26	(1.798.206)	(2.177.466)
Value adjustment in respect of tangible assets		(308.832)	(433.397)
Other operating charges	21	(308.546)	(254.974)
Value adjustment in respect of loans and advances and provisions for contingent liabilities and commitments		(30.000)	---
Value re-adjustment in respect of loans and advances and provisions for contingent liabilities and commitments		310.000	900.000
Profit before tax		5.116.897	4.075.114
Tax on profit on ordinary activities		(1.083.917)	(745.200)
Profit on ordinary activities after tax		4.032.980	3.329.914
Extraordinary charges	27	---	(1.387.282)
Profit for the financial year		4.032.980	1.942.632

The accompanying notes form an integral part of the annual accounts.

NOTES TO THE ACCOUNTS

Note 1 – General

1.1. Corporate matters

DnB NOR Luxembourg S.A. ("the Bank") was established in Luxembourg on 3 January 1985 as a public limited company under Luxembourg law. The Bank is a wholly owned subsidiary of DnB NOR Bank ASA, whose head office is at Stranden 21, Aker Brygge, Oslo. The consolidated accounts of DnB NOR Bank ASA are available at its head office. The ultimate parent company is DnB NOR ASA whose consolidated accounts can be obtained at the above address.

The Board of Directors consists of senior executives of DnB NOR Bank ASA The business policies and valuation principles applied by the Bank, unless prescribed by Luxembourg rules and regulations, are determined and monitored by the Board of Directors.

At 31 December 2010, the registered office of the Bank is at 13, rue Goethe, L-1637 Luxembourg. The register number is R.C. No. B 22.374.

1.2. Nature of the Bank's business

The Bank is involved in credit and private banking activities.

The Bank's main products and services are the following:

- Current accounts and time deposits,
- Securities investments and custody,
- Foreign exchange transactions,
- Lombard (“money market” or “investment”) loans,
- Mortgage loans,
- Bank-guaranteed loans.

1.3. Annual accounts

The Bank prepares its annual accounts in Euro (EUR), the currency in which the capital is expressed.

The Bank's accounting year coincides with the calendar year.

Note 2 – Summary of significant accounting policies

The Bank prepares its annual accounts under the historical cost principle, in accordance with the laws and regulations in force in the Grand Duchy of Luxembourg and on the basis of accounting principles generally accepted in the banking sector in the Grand Duchy of Luxembourg.

The accounting policies and the valuation principles are determined and applied by the Board of Directors, except those which are defined by law and by the Commission de surveillance du secteur financier.

In observing these, the following significant accounting policies are applied:

2.1. The date of recording of transactions in the balance sheet

Assets and liabilities are stated in the balance sheet according to when the amounts concerned become cleared funds, that is, their date of effective transfer.

2.2. Foreign currencies

The Bank maintains a multi-currency accounting system which records all transactions in the currency or currencies of the transaction on the day on which the contract is concluded.

Revenues and expenses in foreign currencies are translated into EUR daily at the prevailing exchange rates.

Tangible fixed assets in foreign currencies not covered in either the spot or forward market are translated into EUR at the rate of exchange ruling at the date of their acquisition. All other assets and liabilities are converted into EUR at the average of the buy and sell spot rates applicable at the balance sheet date. Both realised and unrealised profits and losses arising on revaluation are accounted for in the profit and loss account for the year, except for those on assets and liabilities specifically covered by operations assimilated to swaps. The revaluation of these transactions does not affect the profit and loss account since any revaluation gains or losses are posted to the transitory accounts and not to the profit and loss account.

At the year end all uncompleted forward transactions are translated into EUR at the forward rate applicable for the remaining term ruling on the balance sheet date.

Uncovered forward transactions are valued individually on the basis of forward exchange rates applicable at the balance sheet date. Unrealised revaluation profits are ignored, whereas a provision is set up in respect of any unrealised revaluation losses. This provision is included on the liabilities side of the balance sheet under "Provisions: other provisions".

2.3. Derivative financial instruments

The Bank's commitments deriving from derivative financial instruments are recorded on the transaction date as off balance sheet items.

At the year end, where necessary, a provision is set up in respect of individual unrealised losses resulting from the revaluation of the Bank's commitments at market value. This provision is included on the liabilities side of the balance sheet under "Provisions: other provisions".

No provision is set up in those cases where a financial instrument clearly covers an asset or a liability and economic unity is established or where a financial instrument is hedged by a reverse transaction so that no open position exists.

2.4. Trading book

The Bank does not hold any trading book. However, as per the Article 56 of the Law of April 1993 as amended, on the accounts of banks, the Bank would classify the following items, if any, in the trading book:

- securities trading book as defined in the banking law,
- securities underwriting if not held-to-maturity,
- trading financial derivatives.

2.5. Specific value adjustments in respect of doubtful and irrecoverable debts

It is the Bank's policy to establish specific value adjustments in respect of doubtful and irrecoverable debts, as deemed appropriate by the Board of Directors.

Value adjustments, if any, are deducted from the assets items to which they relate.

2.6. Lump sum provision for risk exposures

In accordance with the Luxembourg tax legislation, it is the Bank's policy to establish a lump sum provision for risk exposures, as defined in the legislation governing prudential supervision of banks. The purpose of the provision is to take account of risks, which are likely to crystallise but which have not yet been identified as at the date of preparation of the annual accounts.

Pursuant to the Instructions issued by the "Direction des Contributions" on 16 December 1997, this provision is made before taxation and may not exceed 1,25% of the Bank's risk exposures.

The lump sum provision for risk exposures is broken down in proportion to the weighting of the items which form the basis for its calculation, between:

- a portion which is deemed to represent a value adjustment, and which is deducted from the assets items which constitute risk exposures; and
- a portion which is deemed to represent a provision attributable to credit risk associated with off balance sheet items, foreign exchange risk and market risks, and which is shown among the liabilities items under "Provisions: other provisions".

2.7. Loans and advances

Loans and advances are stated at their acquisition price. The policy of the Bank is to establish specific provisions for doubtful debts in accordance with the circumstances and for amounts specified by the Board of Directors. These provisions are deducted from the appropriate asset account balances and shall not be maintained if the reasons for which they were recorded no longer exist.

2.8. Transferable securities

Transferable securities are recorded initially at their purchase price, plus additional charges. The average cost method is used to determine the acquisition costs.

2.9. Debt securities and other fixed income securities

The Bank has divided its portfolio of fixed income securities into three categories, whose principal characteristics are the following:

- an investment portfolio of financial fixed assets, which are intended to be used on a continuing basis in the Bank's activities;
- a trading portfolio of securities purchased with the intention of resale in the short term; and
- a structural portfolio of securities which do not fall within either of the two other categories.

As at 31 December 2010 and 2009, the Bank does not hold any securities.

Fixed income securities are valued as follows:

- they are valued at purchase price in those cases where the conditions set out by the relevant authorities in the Banking Regulations are fulfilled;
- otherwise they are valued at the lower of cost or market value.

2.10. Tangible fixed assets

Tangible fixed assets are valued at purchase price less accumulated depreciation. The accumulated depreciation is calculated to write off the value of such assets systematically over their useful economic lives.

Fixtures and fittings costing less than EUR 1.000 or whose expected useful lives are not expected to exceed the current year are charged directly to the profit and loss account for the year.

2.11. Taxes

Taxes are accounted for on an accrual basis.

Note 3 – Analysis of primary financial instruments

The primary financial assets and liabilities are presented according to their remaining lifetime to final maturity as follows:

2010 EUR 000	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	TOTAL
Cash, balance with central banks and post office banks	19.594	---	---	---	19.594
Loans and advances to credit institutions	268.042	234.210	12.798	---	515.050
Loans and advances to customers	150.234	223.574	1.685	119.936	495.429
	437.870	457.784	14.483	119.936	1.030.073
Amounts owed to credit institutions	512.851	248.440	---	---	761.291
Amounts owed to customers	222.026	4.535	12.798	---	239.359
Contingent liabilities	89	446	1.372	---	1.907
Commitments	4.998	37.151	24.782	---	66.931
	739.964	290.572	38.952	---	1.069.488

2009 EUR 000	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	TOTAL
Cash, balance with central banks and post office banks	17.872	---	---	---	17.872
Loans and advances to credit institutions	182.798	212.757	157	---	395.712
Loans and advances to customers	113.871	147.643	145.596	82.568	489.678
	314.541	360.400	145.753	82.568	903.262
Amounts owed to credit institutions	480.598	229.667	1.338	---	711.603
Amounts owed to customers	150.818	4.491	1.742	---	157.051
Subordinated liabilities	---	---	---	8.000	8.000
Contingent liabilities	181	454	1.422	---	2.057
Commitments	2.497	24.448	4.932	---	31.877
	634.094	259.060	9.434	8.000	910.588

Note 4 – Loans and advances to credit institutions

The geographical distribution of loans and advances to credit institutions, including those repayable on demand, is as follows:

	2010	2009
	EUR 000	EUR 000
European Union	1.084	598
Other OECD countries	513.967	395.114
	515.051	395.712

Note 5 – Loans and advances to customers

The geographical distribution of loans and advances to customers is as follows:

	2010	2009
	EUR 000	EUR 000
European Union	39.854	34.422
Other OECD countries	440.726	434.598
Other countries	14.849	20.658
	495.429	489.678

Note 6 – Movements in tangible assets

The following movements have occurred in the Bank's tangible assets in the course of the financial year:

	Gross value at the beginning of the financial year	Additions	Disposals	Gross value at the end of the financial year	Cumulative value adjustments at the end of the financial year	Net value at the end of the financial year
	EUR	EUR	EUR	EUR	EUR	EUR
Tangible assets	4.972.663	78.126	(108.113)	4.942.676	4.137.492	805.184
of which:						
Other fixtures and fittings, tools and equipment	4.972.663	78.126	(108.113)	4.942.676	4.137.492	805.184

Note 7 – Other assets, other liabilities

Other assets primarily represent short term receivables.
Other liabilities primarily represent short term payables.

Note 8 – Related parties balances – assets

As at 31 December 2010, loans and advances to credit institutions amounting to EUR 515.050.818 (2009: EUR 395.711.659) include the following balances with related parties:

	Affiliated undertakings 2010 EUR	Affiliated undertakings 2009 EUR
Loans and advances to credit institutions	511.553.640	395.022.459

Following the Bank's request, the CSSF has approved the total exemption of the risks taken on the DnB NOR Group in the context of the calculation of the large risks exposures in accordance with Part XVI, point 24 of the CSSF Circular 06/273, as amended.

Note 9 – Foreign currency assets

As at 31 December 2010, the aggregate amount of the Bank's assets denominated in currencies other than EUR net of related value adjustments denominated in foreign currencies, converted to EUR, is EUR 835.484.731(2009: EUR 730.327.479).

Note 10 – Subordinated liabilities

The Bank had contracted a subordinated liability of EUR 8.000.000 maturing in 2016.

During 2010 the Bank incurred charges of EUR 35.798 (2009: EUR 231.921) with respect to this subordinated liability for the period 01 January to 28 May 2010, date at which it was fully repaid.

The interest rate applied to this subordinated liability, which met all CSSF requirements for assimilation on a 100% basis to the Bank's own funds, was 43 basis points above EURIBOR 3 months.

Note 11 – Subscribed capital

As at 31 December 2010 and 2009, the Bank's authorised capital amounts to EUR 17.352.547 represented by 70.000 shares with a nominal value of EUR 247,89 each. All the shares have been fully subscribed and are fully paid up.

Note 12 – Movements in reserves and profit brought forward

	Legal reserve	Special reserve (Note 25)	Other reserves	Profit Brought Forward
	EUR	EUR	EUR	EUR
Balance at 31 December 2009	1.735.255	1.990.625	684.430	1.704.257
Profit for the year ended 31 December 2009	---	---	---	1.942.632
- Dividend payout (EUR: 4.300.000)	---	---	(684.430)	(3.615.570)
Release of special reserve (note 25)	---	(682.100)	682.100	---
Transfer to special reserve (note 25)	---	680.000	(680.000)	---
Balance at 31 December 2010	1.735.255	1.988.525	2.100	31.319

Under Luxembourg law, the Bank must appropriate to a legal reserve an amount equivalent to at least 5% of the annual net profit until such reserve is equal to 10% of the share capital. This appropriation is made in the following year. Distribution of the legal reserve is restricted for the proportion equal to 10% of the share capital.

Note 13 – Related parties balances – liabilities

As at 31 December 2010, amounts owed to credit institutions, customers and subordinated liabilities amounting respectively to EUR 761.291.377 (2009: EUR 711.602.943), EUR 239.359.088 (2009: EUR 154.911.713) and EUR 0 (2009: EUR 8.000.000) include the following balances with related parties:

	Affiliated undertakings 2010	Affiliated undertakings 2009
	EUR	EUR
Amounts owed to credit institutions	760.427.836	710.474.529
Amounts owed to customers	5.099.060	4.995.950
Subordinated liabilities	-	8.000.000
	765.526.896	723.470.479

Note 14 – Foreign currency liabilities

As at 31 December 2010, the aggregate amount of the Bank's liabilities denominated in currencies other than Euro, converted to EUR, is EUR 835.570.507 (2009: EUR 732.423.868).

Note 15 – Contingent liabilities

The geographical distribution of contingent liabilities is as follows:

	2010 EUR 000	2009 EUR 000
European Union	812	876
Other OECD countries	800	952
Other countries	295	229
	1.907	2.057

The economic sector of contingent liabilities is as follows:

	2010 EUR 000	2009 EUR 000
Corporate Bodies	202	195
Natural Persons	1.705	1.862
	1.907	2.057

As at 31 December 2010, the Bank's contingent liabilities of EUR 1.907.000 (2009: EUR 2.056.875) represent principally guarantees issued by the Bank in favour of clients. As at 31 December 2010 and 2009, there were no contingent liabilities with affiliated entities.

Note 16 – Commitments

The geographical distribution of commitments is as follows:

	2010 EUR 000	2009 EUR 000
European Union	17.264	7.496
Other OECD countries	31.195	12.153
Other countries	18.472	12.229
	66.931	31.878

The economic sector of commitments is as follows:

	2010 EUR 000	2009 EUR 000
Corporate bodies	21.167	14.478
Natural Persons	45.764	17.400
	66.931	31.878

Note 16 – Commitments (continued)

As at 31 December 2010, the Bank’s commitments of EUR 66.931.671 (2009: EUR 31.877.523) represent exclusively unused confirmed credit lines.

As at 31 December 2010 and 2009, there were no commitments with affiliated entities.

Note 17 – Operations linked to currency exchange rates, interest rates and other market rates – analysis of financial derivatives

Forward operations linked to currency exchange rates were outstanding as at 31 December 2010. These were all made on behalf of customers, and were all covered with the Bank's parent company. Moreover, the Bank has contracted IRS and equity swaps with the Bank's parent company to hedge some balance sheet positions.

The financial derivatives linked to exchange rates, interest rates and other market rates are analysed by type of instrument and remaining maturity as follows:

2010 (notional amount in EUR)	Less than 3 months	3 - 12 months	1 - 5 years	TOTAL
Operations linked to currency Exchange rates				
Over-the-counter (OTC) contracts				
Forward exchange transactions (*)	166.050.484	18.340.204	2.312.602	186.703.290
Spot transactions (*)	5.999.995	---	---	5.999.995
Total	172.050.479	18.340.204	2.312.602	192.703.285
Operations linked to interest rates				
Over-the-counter (OTC) contracts				
Interest rate swaps (**)	---	---	1.870.103	1.870.103
Operations linked to other market rates				
Over-the-counter (OTC) contracts				
Equity swaps (**)	---	1.447.454	230.364	1.677.818

2009 (notional amount in EUR)	Less than 3 months	3 - 12 months	1 - 5 years	TOTAL
Operations linked to currency Exchange rates				
Over-the-counter (OTC) contracts				
Forward exchange transactions (*)	39.725.542	30.813.540	286.383	70.825.465
Spot transactions (*)	843.716	---	---	843.716
Total	40.569.258	30.813.540	286.383	71.669.181

Note 17 – Operations linked to currency exchange rates, interest rates and other market rates – analysis of financial derivatives (continued)

2009 (notional amount in EUR)	Less than 3 months	3 - 12 months	1 - 5 years	TOTAL
Operations linked to interest rates				
Over-the-counter (OTC) contracts				
Interest rate swap (**)	---	---	805.000	805.000
Operations linked to other market rates				
Over-the-counter (OTC) contracts				
Equity swaps (**)	24.060	12.030	1.741.944	1.778.034

(*) Amounts to be delivered
(**) Notional amounts

As at 31 December 2010 and 2009, the market value of financial derivatives is as follows:

	2010 EUR	2009 EUR
Operations linked to currency exchange rates		
Over-the-counter (OTC) contracts		
Forward exchange transactions		
Positive results	2.211.506	1.196.359
Negative results	(2.049.234)	(1.133.575)
Total	162.272	62.784
Operations linked to interest rates		
Over-the-counter (OTC) contracts		
Interest rate swaps		
Positive results	---	---
Negative results	(45.313)	(10.879)
Total	(45.313)	(10.879)

Note 17 – Operations linked to currency exchange rates, interest rates and other market rates – analysis of financial derivatives (continued)

	2010	2009
	EUR	EUR
Operations linked to other market rates		
Over-the-counter (OTC) contracts		
Equity swaps		
Positive results	---	---
Negative results	(28.800)	(79.103)
Total	(28.800)	(79.103)

Note 18 – Credit risk information – financial derivatives

The net credit risk exposure is calculated in accordance with the requirements of CSSF Circular 06/273 as amended on the definition of capital adequacy ratios pursuant to Article 56 of the Law of 5 April 1993 on the financial sector, as amended. The Net risk exposure is calculated according to the "market value method".

2010 (notional amount in EUR)	Fair Value	Notional amount	Net risk exposure
Operations linked to currency exchange rates			
Over-the-counter (OTC) contracts			
Forward exchange transactions			
Banking counterparties weighted at 20%	1.399.171	63.823.813	2.037.409
Private customers weighted at 50%	812.335	69.449.683	1.506.832
Total	2.211.506	133.273.496	3.544.241
Operations linked in interest rates			
Over-the-counter (OTC) contracts			
Interest rate swaps			
Banking counterparties weighted at 20%	--- (**)	1.870.103	9.350
Operations linked to other market rates			
Over-the-counter (OTC) contracts			
Equity swaps			
Banking counterparties weighted at 20%	--- (**)	1.677.818	102.973

Note 18 – Credit risk information – financial derivatives (continued)

2009 (notional amount in EUR)	Fair Value	Notional amount	Net risk exposure
Operations linked to currency exchange rates			
Over-the-counter (OTC) contracts			
Forward exchange transactions			
Banking counterparties weighted at 20%	959.737	35.958.296 (*)	1.031.654
Private customers weighted at 50%	159.145	34.216.258 (*)	330.226
Total	1.118.882	70.174.554	1.361.880
Operations linked in interest rates			
Over-the-counter (OTC) contracts			
Interest rate swap			
Banking counterparties weighted at 20%	--- (**)	805.000	805
Operations linked to other market rates			
Over-the-counter (OTC) contracts			
Equity swaps			
Banking counterparties weighted at 20%	--- (**)	1.778.034	28.304

(*) Corresponding to amounts to be received.

(**) Considering the fair values are negative (refer to note 17).

Note 19 – Investment management services and underwriting functions

The Bank provides management and agency services to third parties.
Management and agency services consist of:

- Portfolio advice and portfolio management,
- Custody and administration of transferable securities.

Note 20 – Other operating income

	EUR
Other operating income for the year ended 31 December 2010 consists of:	
- release of restructuring provisions built at the end of 2009 (refer to note 27)	170.567
- income from sub-rental of premises	150.028
- refunds from AGDL (refer to note 24)	32.309
- other	6.027
	358.931

Note 20 – Other operating income (continued)

As at 31 December 2009, it consisted mostly of reversal of provisions for taxation following a final taxation with regard to 2002, 2003 and 2004, as well as partial refunds received from AGDL.

Note 21 – Other operating charges

Main item under "Other operating charges" for the year ended 31 December 2010 is the allowance made to AGDL provision for EUR 182.309 (2009: EUR 225.509) (Refer to note 24).

Note 22 – Staff numbers

The number of persons employed by the Bank is as at 31 December:

	2010 Number	2009 Number
Management	4	2
Employees	20	26
	24	28

Note 23 – Management remuneration

The Bank has granted the following remuneration to the members of the administrative and managerial bodies of the Bank (2010: 4 persons; 2009: 3 persons):

	Emoluments 2010 EUR	Emoluments 2009 EUR
Managerial body	614.741	578.849

The Bank has entered into loans amounting to EUR 288.750 to current and former members of the administrative and managerial bodies (2009: EUR 410.000).

Note 24 – Deposit guarantee scheme

On 25 September 1989, all credit institutions in the Luxembourg banking sector became members of the non-profit making association "Association pour la Garantie des Dépôts, Luxembourg" ("AGDL").

In accordance with the Law of 5 April 1993 as amended by the Law of 19 December 2008, the sole object of AGDL is the establishment of a mutual guarantee scheme covering deposits made by customers of member credit institutions ("the Guarantee"). The customers covered by the Guarantee include all depositors who are physical persons, whatever their nationality or country of residence. Also covered by the Guarantee are small companies constituted under the law of a Member State of the European Union, whose size is such that they would be permitted to draw up abbreviated accounts pursuant to Article 39 of the Law of 19 December 2002 on commercial companies, as amended.

With respect to each member, the Guarantee is limited to a maximum amount per depositor of EUR 100.000 or its foreign currency equivalent. No depositor can receive more than this sum, regardless of the number of accounts or deposits held in the sole or joint name of the depositor with the same credit institution.

The Law of 27 July 2000 stipulates that banks must also belong to an investment guarantee scheme. This additional Guarantee covers the reimbursement of claims resulting from investment transactions up to the amount of EUR 20.000.

The amount of the Guarantee represents an absolute figure and cannot be increased by any interest charges or any other amounts.

The total amount of the Guarantees which will in no case exceed EUR 120.000 per customer (EUR 100.000 deposit guarantee and EUR 20.000 investor compensation) represents an absolute figure and cannot be increased by any interest, charges or any other amount.

As at 31 December 2010, the Bank set up a provision in recognition of its potential liabilities under the Guarantees. The amount is included on the liabilities side of the balance sheet under "Provisions: other provisions".

Over 2010, partial refunds totalling EUR 32.309 were recovered in relation to the Bank’s contribution to the respite of payment occurred by three Luxembourg subsidiaries of Icelandic banks back in 2008/2009, and booked as other operating income.

Transfers to the AGDL provision totalling EUR 182.309 were also booked as other operating charges. As at 31 December 2010, the AGDL provision amounts to EUR 1.097.527.

Note 25 – Special reserve for net worth tax credit

Since 1998, the Bank has where relevant made yearly allocations for an amount equal to 5 times the theoretical net worth tax amount to a special reserve account, which it committed itself to maintain for 5 years from the year of the respective allocations.

This was made in accordance with Luxembourg tax law, in order to benefit of a credit for that net worth tax charge. The status of the special reserve account is as follows:

Special reserve created in respect to the year:	2010	2009
	EUR	EUR
2004	---	682.100
2005	648.525	648.525
2006	---	---
2007	---	---
2008	660.000	660.000
2009	680.000	---
	1.988.525	1.990.625

When allocating the net result for the year ended 31 December 2010, an amount of EUR 650.000 will be allocated to the special reserve for net worth tax credit.

Note 26 – Remuneration of the independent auditor

The fees paid by the Bank to its audit firm excluding VAT were:

	2010	2009
	EUR	EUR
Statutory Audit	93.780	91.500

Note 27 – Extraordinary charges

During 2009, the Bank booked restructuring costs totalling EUR 1.387.282

Independent auditor's report

To the Board of Directors of
DnB NOR Luxembourg S.A.
13, rue Goethe

L-1637 Luxembourg

Report on the annual accounts

Following our appointment by the Board of Directors, we have audited the accompanying annual accounts of DnB NOR Luxembourg S.A., which comprise the balance sheet as at 31 December 2010 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of DnB NOR Luxembourg S.A. as of 31 December 2010, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé

Daniel MEIS

Luxembourg, 18 February 2011

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